

2006 Annual Report Review

Permittee: Canyon Fuel Company, LLC
Mine Name: SUFCO
Permit Number: C/041/0002
Date Report Received: March 21, 2007

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|----------------------------|-------------------------|----------------------------------|
| Assigned Reviewers: | Dana Dean, Hydrologist | Date Completed 11/13/2007 |
| | Joe Helfrich, Biologist | 12/19/2007 |
| | Peter Hess, Inspector | 6/7/2007 |
| | | Complete |

Instructions: The assigned staff will review their respective portions of the Annual report and provide a written determination (findings) on how the mine has or has not met the permit requirements for reporting. If the report is deficient or remedial action is required to obtain compliance, this should be noted and the inspector notified. Once all reviewers have completed the report, they should initial it and a copy will be filed in the Mine Internal File.

Assignments:

Inspectors: Review each cover sheet, AVS Legal/Financial, Mine Sequence Maps.
Hydrologists: Review Water Monitoring Data, Precipitation and Climatological Data, Non-Coal Waste
Biologists: Review Vegetation/Revegetation Success Monitoring, Raptor Survey
Engineers: Review Subsidence Monitoring Data, Annual Impoundment Certification, Annual Overburden, Spoils, Refuse, Floor, etc.

| SECTIONS TO REVIEW | SUBMITTED | | FINDINGS |
|------------------------------|-------------------------------------|--------------------------|---|
| | YES | NO | |
| Cover Sheet | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The Permittee submitted two copies of the 2006 Annual Report. The document is divided into General Information which lists all permits issued via various government entities, and Appendix B, which contains the 2006 Annual Subsidence Monitoring, precipitation data, vegetation and soils monitoring, and hydrologic monitoring report, and bio/macro-invertebrate studies. The General Information which has been submitted appears to be complete and adequate. The adequacy of other information must be determined by those various R645 Coal Mining Rules disciplines. |
| AVS; Legal/ Financial Update | <input checked="" type="checkbox"/> | <input type="checkbox"/> | This information is contained in the General Chapter One, Ownership and Control document for the Canyon Fuel Company, LLC Utah operations which is on file at the DOGM. |
| Mine Sequence Map | <input checked="" type="checkbox"/> | <input type="checkbox"/> | LMU MINING PROGRESS MAP 2005-2006 contained in the Annual Report shows areas where primary development and secondary extraction were practiced at SUFCO. A total of 7,925,285 tons were produced from the two Federal lease and single SITLA lease. The map is P.E. certified by Mr. John Byers, Utah registered professional engineer and Mr. Mark Bunnell, Utah registered professional geologist. |

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|---|-------------------------------------|-------------------------------------|---|
| | YES | NO | |
| Water Monitoring Data | <input checked="" type="checkbox"/> | <input type="checkbox"/> | No summary report was submitted, however all required data was submitted each quarter in a timely manner. More information regarding the water data may be found in the database (http://linux1.ogm.utah.gov/cgi-bin/appx-ogm.cgi), and the quarterly water monitoring reports. |
| Precipitation & Climatological Data | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Precipitation and temperature data were reported for the SUFCO Mine site and Levan. |
| Non-Coal Waste report | <input type="checkbox"/> | <input checked="" type="checkbox"/> | All non-coal waste is hauled and disposed of in the Sevier County landfill |
| Subsidence Monitoring Data | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The Permittee's 2006 Annual Subsidence report contains current information for longwall panels which have been extracted between September 2001 until February 2007; thus Area 12, is the area being monitored which correlates with the 2006 subsidence monitoring. The area consists of six longwall panels. As mining of the last panel was completed in February 2007, monitoring of this last area will not be reported until 2007. The Permittee added longwall secondary extraction methods during 1985; since that time, subsidence has varied from an average of five feet to a maximum of seven feet in the center of the panels. MAP 1, which is included as part of the Annual subsidence report, depicts the subsidence contours for twelve of the 13 areas described in the report. MAP 1 is P.E. certified by Mr. John Byers, Utah P.E. Tension cracks from the settling of the Castle Gate sandstone (surface with a thin layer of soil in most of undermined area) have occurred above most of the secondary extraction areas and vary in width from less than one inch to 1.17 feet depending upon location. Cracks adjacent to escarpments widen due to gravity after separation. Cracks which have no free face to glide toward remain narrow. Most cracks self-heal after time, but the Permittee has also repaired cracks where there may be a hazard to wild life or humans. Cracks are monitored and that information is included in the subsidence report, starting in 2004. Major cracks are depicted on MAP 1. |
| Annual Impoundment Certification | <input checked="" type="checkbox"/> | <input type="checkbox"/> | On file @ DOGM Salt Lake, and reviewed with other quarterly inspections during the four complete inspections conducted annually. Mr. John Byers, P.E., is the Utah registered professional engineer certifying all reports. |
| Annual Overburden, Spoil, Refuse, Floor, etc. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |

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|---------------------------------|-------------------------------------|-------------------------------------|---|
| | YES | NO | |
| Vegetation Data | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Vegetation monitoring for the Pines Tract includes vegetation assessments for ten photo points. The descriptions should include a comparison and analysis of previous years assessments as well. The Link Canyon Mine Portal monitoring includes vegetative assessments plant communities associated with the portal area and comparisons to the previous years evaluation. Assessments were completed in June, September and November of 2007. The lower amount of precipitation and no mine water discharge compared to the previous year indicate an overall downward trend in the vegetation. Sampling also includes the riparian communities in the East Fork of Box Canyon and Box Canyon to determine long term trends, natural variability and benchmark information. A level III Riparian Area Evaluation methodology was employed for the study area. Data suggests that between October 03' and July 04' the riparian communities in the East fork of box canyon decreased and fluctuated somewhat throughout October of 06' again |
| Revegetation Success Monitoring | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Not required |
| Raptor Survey | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The report includes a raptor survey for the mine and permit area noting two active golden eagle nests. |
| Other Information | <input checked="" type="checkbox"/> | <input type="checkbox"/> | A cultural resource report for the pines tract coal lease is included in the annual report for the year 2006. |

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